

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE APPLICATION OF
COMCAST CABLE COMMUNICATIONS, INC.
FOR A DECLARATORY RULING OR, IN THE
ALTERNATIVE, FOR APPROVAL OF A
PROPOSED INTERNAL RESTRUCTURING

CABLE TELEVISION

ORDER OF APPROVAL

DOCKET NO. CM00090660

Dennis C. Linken, Esq., Stryker, Tams & Dill, LLP, Two Penn Plaza East,
Newark, New Jersey 07105 for Comcast Cable Communications, Inc.

(SERVICE LIST ATTACHED)

BY THE BOARD:

On September 14, 2000 Comcast Cable Communications, Inc. (“Comcast” or “Petitioner”), a Delaware corporation with principal offices located at 1500 Market Street, Philadelphia, PA 19102, filed a petition with the Board requesting that the Board issue a Declaratory Ruling to the effect that the Board’s approval is not required with respect to a proposed internal restructuring herein described.¹ In the alternative, should the Board determine that its approval is required, Comcast requests such approval.

As part of a recent national transaction, Comcast acquired the cable television systems formerly owned by Lenfest Communications, Inc. Included in that transaction was a wholly owned Lenfest subsidiary, Lenfest Jersey, Inc. Lenfest Jersey, Inc., now a wholly owned subsidiary of Comcast, presently owns 50% of Comcast Cablevision of Garden State, L.P., (previously named Garden State Cablevision L.P.) a cable television company with principal offices located at 1250 Haddonfield-Berlin Road, Cherry Hill, NJ 08034, serving approximately 215,700 subscribers in 57 municipalities in Burlington, Camden, Ocean and Salem Counties. The remaining 50% interest in Comcast Cablevision of Garden State, L.P. is owned by Comcast Garden State, Inc. (10.005%) a directly held subsidiary of Comcast Corporation and Comcast Garden State LP, Inc., (39.995%), an indirectly held subsidiary of Comcast Corporation (and a directly held subsidiary of Comcast Garden State, Inc.).

¹ Comcast is a wholly owned subsidiary of Comcast Corporation, also headquartered at 1500 Market Street, Philadelphia, PA 19102

In a Petition simultaneously filed with the Board, in Docket No. CF00090661, Comcast detailed certain internal restructuring transactions designed to consolidate all of the Comcast Corporation cable television operating subsidiaries under one umbrella – Comcast. In a related vein, Comcast Corporation proposes to contribute the stock of Comcast Garden State, Inc. to Comcast. The proposed transaction will result in the ownership of 100% of Comcast Cablevision of Garden State, L.P. by subsidiaries of Comcast.

According to the Petitioner, the proposed transaction will have no effect with respect to the ultimate ownership of Comcast Cablevision of Garden State, L.P. It is now 100% owned indirectly by Comcast Corporation and subsequently will continue to be 100% owned indirectly by Comcast Corporation.

It is proposed that all of the issued and outstanding capital stock of Comcast Garden State, Inc. (100 shares of Common Stock, par value \$0.01 per share) will be contributed by Comcast Corporation to Comcast. As a result of the contribution, 100% of the partnership interests in Comcast Cablevision of Garden State L.P. will be vested in Comcast.

Petitioner represents that the proposed internal corporate restructuring transaction will have no material adverse effect on New Jersey cable subscribers. The sole effect of the proposed transaction will be to further simplify the corporate structure of the Comcast Corporation cable television subsidiaries. Rather than have 50% of the interests in Garden State held by Comcast Corporation under Comcast and 50% held by Comcast Corporation outside Comcast, there would be one single holding company (Comcast), which will own all of Garden State and which, as noted in the related petition, will be the umbrella for all of the Comcast Corporation cable subsidiaries.

In its petition, Comcast states that it does not believe the proposed internal restructuring requires Board approval. Comcast therefore requests that the Board issue a declaratory ruling to the effect that its approval is not required. However, recognizing that the Board may disagree, Comcast requested in the alternative that the Board approve the proposed transaction.

The Board believes that it may review holding company transactions to determine the impact of such transactions on cable television service in New Jersey. In 1991, the Board determined that its jurisdictional statutory authority allowed it to “exercise jurisdiction not only over the bottom corporate tier of the chain, ... but to any entity which owns, controls, manages or operates that entity.” In the Matter of the Proposed Corporate Restructuring of Certain Affiliates of Tele-Communications, Inc. at 6, BPU Docket No. CM90121496 (February 7, 1991) (hereinafter “TCI”). However, in reaching this conclusion, the Board noted that the focus of its concern was not to micro-manage the non-jurisdictional affairs of the holding company, but to review the proposed holding company transaction to guard against any adverse impact on the New Jersey utility subsidiary with regard to its impact on the New Jersey utility subsidiary with regard to its impact on the New Jersey cable television system or public utility subsidiary with regard to its ability to continue to provide safe, adequate and proper service. The Board also stated that “(t)he decision as to what degree of jurisdiction or scrutiny the Board will exercise with respect to a proposed transaction will ultimately depend upon the nature, scope and relative riskiness of a particular transaction and the degree of nexus or impact on the New Jersey cable television system or public utility.” Id. at 7. Having approached the issue of the level of review in this manner, the Board concluded in TCI that it had sufficient information based on its staff’s preliminary review of the proposed transaction to determine that a more

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thorough review was not necessary, and that the holding company transaction should be allowed to proceed without Board review and action. Id. at 7.

In this case, in keeping with the Board's decision in TCI, the Board has reviewed the proposed transaction to determine its impact on the New Jersey operating entities and their subscribers. After review, the Board FINDS, as a result of the proposed transaction, that there will no impact on the ownership, operation, policies and management of Comcast Cablevision of Garden State, L.P. and that there will be no potential harm to New Jersey subscribers. Therefore, the proposed transfer as described by Comcast in its September 14, 2000 petition may proceed without further Board review and action.

DATED: December 21, 2000

BOARD OF PUBLIC UTILITIES
BY:

(signed)

HERBERT H. TATE
PRESIDENT

(signed)

CARMEN J. ARMENTI
COMMISSIONER

(signed)

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)

FRANCES L. SMITH
SECRETARY

IN THE MATTER OF
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INTERNAL RESTRUCTURING

DOCKET NO. CM00090660

Dennis C. Linken, Esq.
Stryker, Tams & Dill, LLP
Two Penn Plaza
Newark, NJ 07105

Dr. Fred S. Grygiel
Chief Economist
Board of Public Utilities
2 Gateway Center
Newark, NJ 07102

Celeste M. Fasone, Director
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Carol Entenza-Artale, Esq.
Legal Specialist
Board of Public Utilities
2 Gateway Center
Newark, NJ 07102

Charles A. Russell, Esq.
Deputy Director
Office of Cable Television
Board of Public Utilities
2 Gateway Center
Newark, NJ 07102

Blossom Peretz, Esq.
Division of Rate Payer Advocate
31 Clinton Street
Newark, NJ 07102

Joseph Haldusiewicz, Esq.
Deputy Attorney General
State of New Jersey
Division of Law
124 Halsey Street
Newark, NJ 07102

Richard Daul, Chief, Bureau of Accounts
Board of Public Utilities
Office of Cable Television
2 Gateway Center
Newark, NJ 07102

William H. Furlong, Chief
Bureau of Inspection & Enforcement
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Mark Beyer
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102